



STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL PROTECTION



STATE OF CONNECTICUT

AND

DOMINION NUCLEAR CONNECTICUT, INC

TRADING AGREEMENT AND
ORDER NO. 8221A
MODIFICATION NO. 1

TRADING AGREEMENT AND ORDER MODIFICATION

In the matter of a Trading Agreement and Order between the Commissioner of Environmental Protection ("Commissioner") and Dominion Nuclear Connecticut, Inc ("DNC").

WHEREAS, the Commissioner and DNC, having agreed to the terms and conditions set forth in Trading Agreement and Order No. 8221A signed by the Commissioner on April 21, 2003, do now, by mutual agreement, modify said Trading Agreement and Order No. 8221A as follows:

1. Delete the date April 30, 2007, and substitute therefor the date May 1, 2009, in paragraphs A.8., C.1., C.6.
2. Delete Table 1 and substitute the following therefor:

Table 1
DNC - Test, FLER, and RACT Emission Rates- gm/bhp/hr

Peaking Unit	Fuel	Maximum Capacity (BHP-Hr)	Stack Test	FLER	RACT	Last Emission Test	Next Emission Test Due
EU 2.3 (U2A)	Diesel	3825	8.32	10.96	8	12/3/03	12/3/08
EU 2.4 (U2B)	Diesel	3825	6.45	10.0	8	12/17/03	12/17/08
EU 2.5 (U3A)	Diesel	6941	6.77	N/A	8	11/12/03	11/12/08
EU 2.6 (U3B)	Diesel	6941	7.36	N/A	8	1/20/04	1/20/09
EU 2.7 (SBO)	Diesel	3400	12.40	14.3	8	12/15/03	12/15/08
EU 2.10 (SEC)	Diesel	620	9.45	11.6	8	7/15/03	7/15/08

3. Delete paragraph A.7. and substitute the following therefor:

Reserved

4. Delete paragraph A.9. and Table 2 in their entirety.
5. Delete paragraph C.2. and substitute the following therefor:

DERC use

Until May 1, 2009, before the first day of each month (except as noted in section ii) below) DNC shall have in its possession sufficient approved DERCs for the current day for EU's 2.3, 2.4, 2.7 and 2.10 based on the following calculations;

Before the first day of each month, DNC shall estimate DERCs required for such month for EU's 2.3, 2.4, 2.7 and 2.10 as follows:

(i) At all times:

Estimated DERCs (in tons) = [maximum estimated hours of operation x maximum bhp rating x (FLER in g/bhp-hr – (0.95 x NOx Allowable limit in g/bhp-hr)) x (1 lb/454g)] ÷ 2000 pounds/ton.

No later than the twentieth day of each month, DNC shall calculate and permanently retire DERCs used in the preceding calendar month, as follows:

Actual DERCs (in tons) = [actual hours operated x maximum bhp rating x (FLER in g/bhp-hr – (0.95 x NOx Allowable limit in g/bhp-hr)) x (1 lb/454g)] ÷ 2000 pounds/ton.

Where:

- Allowable limit = in gm/bhp/hr as shown in Table 1 of this Trading Agreement and Order.
- FLER = full load emission rate in gm/bhp/hr as shown in Table 1 of this Trading Agreement and Order
- Discount (0.95) = 5% design margin applied to the allowable limit.

ii) During the ozone season only:

No later than December 31st each year, DNC shall acquire and permanently retire seven ozone season DERCs for every actual ton of excess NOx emitted from EU's 2.3, 2.4, 2.7 and 2.10 during the previous ozone season based upon the actual emissions for each day that Connecticut eight hour ozone levels were forecasted to be "moderate to unhealthy for sensitive groups", "unhealthy for sensitive groups", "unhealthy", or "very unhealthy".

The total actual tons of excess NOx emitted from EU's 2.3, 2.4, 2.7 and 2.10 during forecasted ozone exceedance days shall be multiplied by seven and then

rounded to the next greater whole ton, to determine the number of DERCs to be permanently retired. This requirement is in addition to the DNC's requirement to estimate excess emissions and subsequent permanent retirement of a sufficient number of approved DERCs in accordance with paragraph C.2.(i) of this Trading Agreement and Order

6. Delete paragraph C.5. and substitute the following therefor:

Emission Statement and Annual DERC Report. No later than March 1 of every year after issuance of this Trading Agreement and Order, DNC shall submit in writing to the Commissioner, a record of each sale or other transfer of DERCs for the previous calendar year. DNC shall also include actual NOx emissions from EU's 2.3, 2.4, 2.7 and 2.10 and the amount of all DERCs used (including serial numbers (if assigned) and DERCs purchased from other facilities). These reports shall be on forms prescribed by the Commissioner and shall be in monthly increments, and by ozone and non ozone seasons.

7. Delete paragraph C.6. and substitute the following therefor:

Allowance Use. Pursuant to Section 22a-174-22(d)(3) of the Regulations, DNC may use NOx allowances, until May 1, 2009, for EU's 2.3, 2.4, 2.7 and 2.10 pursuant to Section 22a-174-22(j) of the Regulations to achieve all or a portion of the reductions required by Section 22a-174-22 of the Regulations. Any allowance used for compliance with Section 22a-174-22(e) of the Regulations shall be subject to all restrictions and/or requirements applicable to DERCs contained in this Trading Agreement and Order;

- a. In order for DNC to use NOx allowances, DNC shall create a general account or use an existing compliance account or overdraft account in EPA's NOx Allowance Tracking System ("NATS"); and
- b. Each allowance used for compliance with Section 22a-174-22 of the Regulations shall be equivalent to one discrete emission reduction credit. Allowances shall be considered used for compliance with Section 22a-174-22 of the Regulations when they are transferred from the facility's NOx general account in the NATS or the facility's NOx compliance account in the NATS to the CT State NOx Retirement Account (Account ID CT0000000300 in the NATS).

8. Delete paragraph C.7. and substitute the following therefor:

DERC Shortfall. At a minimum, DERCs required shall be adjusted upwards by

100% if DERCs are not in DNC's possession for use prior to the first day of each month or applicable season (except as noted in paragraph C.2.ii for the ozone season). However, nothing in this Trading Agreement and Order shall affect the Commissioner's authority to institute any proceeding or take any other action to require additional upward adjustment, based on the gravity of any alleged noncompliance or violation of law. DNC shall permanently retire the quantity of DERCs equivalent to the excess emissions plus a 100% premium within sixty (60) days of DNC's discovery of the DERC shortfall. DNC shall certify and report any such DERC retirement to the Commissioner in accordance with paragraph C.29. of this Trading Agreement and Order.

9. Delete paragraph C.9. and substitute the following therefor:

FLER Exceedance. Noncompliance with an established FLER shall subject DNC to make restitution by matching the quantity of emissions ("true up") caused by the exceedance plus a 100% premium. The true up in tons of DERCs shall be equal to the FLER exceedance in gm/bhp/hr, multiplied by the total hours of operation during the period of noncompliance, multiplied by the maximum bhp rating, multiplied by 1 pound/454g, divided by 2000 lbs/ton. If the period of noncompliance is not known, the time period from the completion of the last/previous Commissioner approved emission test through the date the FLER compliance is achieved as approved by the Commissioner shall be used. However, nothing in this Trading Agreement and Order shall affect the Commissioner's authority to institute any proceeding or take any other action to require additional upward adjustment, based on the gravity of any alleged noncompliance or violation of law. DNC shall permanently retire DERCs calculated in accordance with the above plus a 100% premium within sixty (60) days of DNC's discovery of the FLER exceedance. DNC shall report any FLER exceedance to the Commissioner in accordance with paragraph C.29. of this Trading Agreement and Order.

10. Delete paragraph C.12. and substitute the following therefor:

Extension. No later than May 1, 2009, with respect to EU's 2.3, 2.4, 2.7 and 2.10 DNC shall comply with the requirements of Section 22a-174-22(d)(1) of the Regulations. There is no assurance that after full program review of this and other Trading Agreements and Orders that the Commissioner will grant a written extension of this Trading Agreement and Order.

11. Delete paragraph C.13. and substitute the following therefor:

Future Compliance Report. On or before September 1, 2008, DNC shall submit a

report in writing to the Commissioner, as directed in paragraph C.30. of this Trading Agreement and Order, indicating how the facility shall comply with Section 22a-174-22 of the Regulations with respect to EU's 2.3, 2.4, 2.7 and 2.10 on and after May 1, 2009.

12. Delete paragraph C.16. and substitute the following therefor:

Definitions. As used in this Trading Agreement and Order, "Approved DERs" are those for which the Commissioner has provided written authorization for use in compliance with Section 22a-174-22 of the Regulations; "Commissioner" means the Commissioner or a representative of the Commissioner; "Non-ozone season" means the period from October 1 through April 30 in any given calendar year; "Ozone season" means the period May 1 through September 30 in any given calendar year.

13. Delete paragraph C.17. and substitute the following therefor:

Dates. The date of "issuance" of this Trading Agreement and Order is the date the Trading Agreement and Order is deposited in the U.S. mail or personally delivered, whichever is earlier. The date of submission to the Commissioner of any document required by this Trading Agreement and Order shall be the date such document is received by the Commissioner. The date of any notice by the Commissioner under this Trading Agreement and Order, including but not limited to notice of approval or disapproval of any document or other action, shall be the date such notice is deposited in the U.S. mail or is personally delivered, whichever is earlier. Except as otherwise specified in this Trading Agreement and Order, the word "day" as used in this Trading Agreement and Order means calendar day. Any document or action which is required by this Trading Agreement and Order to be submitted or performed by a date which falls on a Saturday, Sunday or a Connecticut or federal holiday shall be submitted or performed by the next day which is not a Saturday, Sunday or Connecticut or federal holiday.

14. Delete the word "individual" and substitute therefore the word "Section" in paragraph C.29.
15. Delete the name "Mrs. Elizabeth McAuliffe" in paragraph C.30.

All other terms and conditions of Trading Agreement and Order no. 8221A and Modification 1 issued by the Commissioner acting under Chapter 446c, Sections 22a-6, 22a-171, 22a-174, 22a-

176, and 22a-177 of the Connecticut General Statutes shall remain in effect.

DNC hereby consents to the entry of this modification to the Trading Agreement and Order without further notice.

Dominion Nuclear Connecticut, Inc

Signature: Robert T. Griffin

Type Name: Robert T. Griffin

Type Title: Director, Nuclear Station Safety and Licensing

Date: 4/19/07

Issued as a modification of an Order of the Commissioner of Environmental Protection.

Gina McCarthy
Gina McCarthy
Commissioner

4/30/07
Date

MAILED CERTIFIED MAIL,
RETURN RECEIPT REQUESTED

Certified Document No.